

State of Florida

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Public Service Commission

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August 22, 1996

DOCKET FILE COPY ORIGINAL

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 96-150 - Accounting Safeguards under the
Telecommunications Act of 1996.

Dear Mr. Caton:

Enclosed are the original and twelve copies of the Florida Public Service Commission's comments in the above docket. Please date-stamp one copy and return it in the enclosed self-addressed stamped envelope. We are also forwarding a hard copy, plus diskette, of our comments to Ernestine Creech of the Common Carrier Bureau.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cynthia B. Miller".

Cynthia B. Miller
Associate General Counsel

CBM/jb
Enclosure

cc: International Transcription Service
2100 M Street, NW
Suite 140
Washington, D.C. 20037

Brad Ramsay
NARUC
1102 Interstate Commerce Commission Building
Constitution Avenue & 12th Street NW
Washington, D.C. 20042

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:)

Implementation of the)
Telecommunications Act of 1996:)

Accounting Safeguards Under the)
Telecommunications Act of 1996)
_____)

CC Docket No. 96-150

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SUMMARY OF FLORIDA PUBLIC SERVICE COMMISSION COMMENTS

On July 18, 1996, the FCC issued two separate NPRMs on Accounting and Non-Accounting Safeguards, Dockets No. 96-149 and 96-150, respectively. As discussed in our comments in Docket 96-149, it is the opinion of the FPSC that the issues in these two Dockets are highly interrelated and should not be addressed separately. As cautioned in our comments in Docket 96-149, the issues we address here reflect our comments issued in response to the Non-Accounting Safeguards NPRM.

Further, the FPSC believes that States should be allowed to establish additional accounting and non-accounting safeguards, beyond those established by the FCC, to guard against cross-subsidization. We also support the FCC's tentative conclusions to refrain from preempting States from applying their own cost allocation procedures in areas such as telemessaging and alarm monitoring.

Finally, the FPSC supports the Resolution adopted by NARUC on July 25, 1996 regarding audit guidelines NARUC believes are necessary for performance of a joint federal/state audit as

prescribed in section 272. The FPSC believes that the state and federal functions described in the guidelines are consistent with the intent of sections 271 and 272 to protect against Bell Operating Company cross-subsidization. In addition, the performance of such an audit would facilitate detection and adjudication of violation of the separate affiliate and nondiscrimination requirements in section 272.

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of:)

Implementation of the)
Telecommunications Act of 1996:)

Accounting Safeguards Under the)
Telecommunications Act of 1996)

CC Docket No. 96-150

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COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION

On July 18, 1996, the Federal Communications Commission (FCC) released its Notice of Proposed Rulemaking (NPRM) on Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996 in Docket No. 96-150. The Florida Public Service Commission (FPSC) submits the following in response to that NPRM.

As discussed in our comments to the NPRM on Implementation of the Non-Accounting Safeguards of Sections 271 and 272 in Docket No. 96-149, the FPSC believes that many of the issues in each NPRM could be more effectively addressed in one proceeding. The issues are highly integrated and therefore, the comments issued here reflect our comments issued in response to the Non-Accounting Safeguards NPRM.

First, we believe that States should be allowed to establish additional accounting safeguards, beyond those established by the FCC, to guard against cross-subsidization. At several points within the NPRM, the FCC requests comment on what role the States should have in implementing accounting safeguards. There may be

COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION
CC Docket No. 96-150

State specific cross subsidy or competitive concerns that do not lend themselves to a nationally prescribed solution. Historically, States have been able to prescribe accounting rules in addition to those of the FCC. The FPSC supports the FCC's tentative conclusions to refrain from preempting States from applying their own cost allocation procedures in areas such as telemessaging and alarm monitoring. Further, as we stated in our comments to the Non-Accounting Safeguards NPRM, we believe that the States should also be allowed to establish additional non-accounting safeguards, in addition to those established by the FCC, to guard against cross-subsidization.

Finally, in paragraphs 92 and 93, the FCC outlines its tentative conclusion regarding the joint federal/state audit requirement under section 272. It decided that the independent auditor's report should include a discussion of (1) the scope of the work conducted; (2) the auditor's opinion on whether the company complied with the affiliated transactions rules and any non-discrimination requirements; (3) any limitations imposed on the auditor in the course of its review; and (4) the auditor's opinion as to whether the company's cost allocation methodologies conform with the Communications Act of 1934, as amended, and whether the company has accurately applied the methodologies. On July 25,

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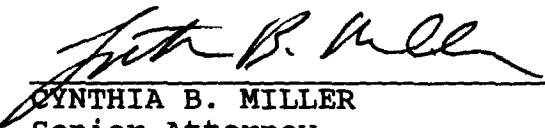
1996, NARUC adopted a Resolution which recommends specific audit guidelines that should be implemented as well as the roles of the State commissions and the FCC should have in the audit process. The FPSC supports the Resolution and the additional guidelines it recommends for completion of the required audit and believes that the recommendations of the Resolution should be implemented in response to the requirements of section 272. The guidelines will help facilitate detection and adjudication of violations of the affiliate transactions and cost allocation rules. Further, the FPSC believes that the state and federal functions described in the guidelines document are consistent with the intent of sections 271 and 272 to protect against Bell Operating Company subsidization.

In summary, we believe that the issues in Dockets 96-149 and 96-150 should not be addressed separately. In addition, we also believe that the States should be allowed to establish additional accounting and non-accounting safeguards, beyond those established by the FCC, to guard against cross-subsidization. Finally, the FPSC supports the Resolution adopted by NARUC on July 28, 1996,

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which set out specific audit guidelines by which the joint federal/state audit, prescribed by Section 272, should be conducted.

Respectfully submitted,


CYNTHIA B. MILLER
Senior Attorney

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

DATED: August 22, 1996